

# THE LO-DOWN

The Lo-Down New York  
January 19, 2017

## Luxury Condo Developers Talk Lower East Side Real Estate at Sunshine Cinema



Sunshine Cinema, Jan. 18, 2017.

The developers building four luxury condo projects on the Lower East Side got together with more than 300 real estate brokers this morning at the Sunshine Cinema to talk up the neighborhood as the city's next hot spot.

## Luxury Condo Developers Talk Lower East Side Real Estate at Sunshine Cinema

The developers building four luxury condo projects on the Lower East Side got together with more than 300 real estate brokers this morning at the Sunshine Cinema to talk up the neighborhood as the city's next hot spot.

The panel discussion, "L.E.S. is More," was billed as "a vibrant discussion between real estate and financial titans on the changing landscape of the Lower East Side post-election." It was moderated by Leonard Steinberg, president of Compass, the real

estate firm handling sales at 196 Orchard St. That's Ben Shaoul's 94-unit complex on the corner of Orchard and East Houston streets.

Shaoul was a panelist, as were Charles Bendit of Taconic Investment Partners (co-developer of Essex Crossing), Arthur Stern of Cogswell Lee Development (developer of the 45-unit condo project on the former site of Streit's Matzo Factory) and Jose Grabowsky and Andres Hogg (developers of a 28-unit building at 287 East Houston St.). Nikolai Fedek of the New York Yimby blog also participated.

The point of the event, of course, was to sell apartments. The condo market has softened considerably in the past couple of years and apartments are not moving as fast as they once did. While there were some cringe-worthy moments, the discussion also offered interesting insights into the neighborhood's growing but still small luxury real estate market.

Steinberg called the Lower east Side, "once notoriously overcrowded and gritty," but "now one of Manhattan's hippest and most authentic neighborhoods." He pointed to the recent arrival of Soho House on Ludlow Street as proof that the LES is changing to the liking of the real estate community. "If anyone knows Soho House and what it means to the Meatpacking District," he proclaimed, "I'd say the future of this area is very bright." He called the Lower East Side, "probably as cool as Williamsburg but without the L Train."

The largest project, by far, among those represented this morning was Essex Crossing, which will eventually add 1,000 apartments (mostly rentals) and hundreds-of-thousands of square feet of commercial space along Delancey Street. But Charlie Bendit focused today on just one part of the project, a 55-unit condo building that's rising quickly across from the Seward Park High School campus.

Bendit said all of the developers are seeing the same types of prospective buyers. "We're all seeing people coming from the suburbs," he explained, from Westchester, New Jersey and Long Island. "Their kids have left home. They're empty-nesters... (and they want to be in the city.)" They're drawn to the Lower East Side, he said, because, "It has special character and it has history. I think that resonates with people." Arthur Stern, developer of 150 Rivington St., agreed. "Buyers are attracted to this neighborhood because it's authentic, a little bit gritty," he said. "This is one of the last neighborhoods that you can experience the old New York."

A lot of people in the community would, of course, say that these new projects are bound to obliterate what's left of the LES's "special character." Even Steinberg acknowledged this in asking the panel, "How do you feel about what your building does to this neighborhood? I think a lot of people might argue with you and say, 'you're killing the neighborhood.'"

But the developers argued that the neighborhood is likely to retain its distinctive feel because there's only so much new development that can occur in a well-established

community. Andres Hogg, co-developer of 287 East Houston St., said, “there’s not much inventory on the Lower East Side.”

Bendit agreed, saying, “It’s not very easy to assemble sites in this neighborhood... It’s very limited how much new product can be delivered, which increases the value of what we have to offer. The scale is very manageable.”

Taken together, the four projects will add a few more than 200 apartments to the area, a relatively small amount. Shaoul said he’s confident that inventory will evaporate pretty quickly. “I see the supply dissipating,” he said, “and it becoming very much a seller’s market, as opposed to a buyer’s market, so make your deals fast!” He also predicted that very few buildings will be added to the pipeline citywide in 2017 because it’s become very hard to secure construction loans.

The developers believe the amenities they’re adding — health clubs, movie theaters, a large public market as part of the Essex Crossing project — will make the neighborhood more desirable to condo buyers. Bendit noted that Trader Joe’s (which is part of the Essex Crossing project) did careful demographic research before deciding to come to the neighborhood. They found that the average household income in a one-mile radius of the development site is \$87,000. But the company is confident that new residents coming to the LES in the next few years will make their new 30,000 square foot store viable.

The panelists were asked about their take on affordable housing. Shaoul has taken a beating in the press over the years for allegedly driving rent stabilized tenants from his many neighborhood buildings. But today he said, “I have owned property in this neighborhood for 20 years. Those buildings are all affordable housing. They’re rent stabilized, probably for 600-700 apartments within a 15 block radius. You’re already living in an affordable housing neighborhood... Having a mix in your buildings is a positive thing for New Yorkers. That’s what the city’s been built on.”

Shaoul added that his current project on Orchard Street does not include affordable units. “The politics in the city has not made it beneficial for me to make affordable housing on this site,” he said.

None of the developers offered specifics regarding their sales to date. Following the event, we asked a spokesperson for Ben Shaoul’s project how many apartments have been sold so far. “While sales have been robust with multiple units placed under contract since launching sales in mid-Fall of 2016,” the spokesperson said, “the Sponsor is not disclosing specific figures at this time.”